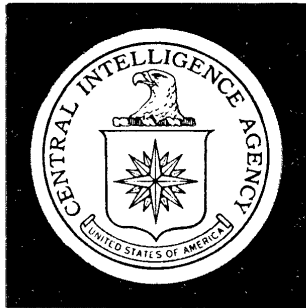


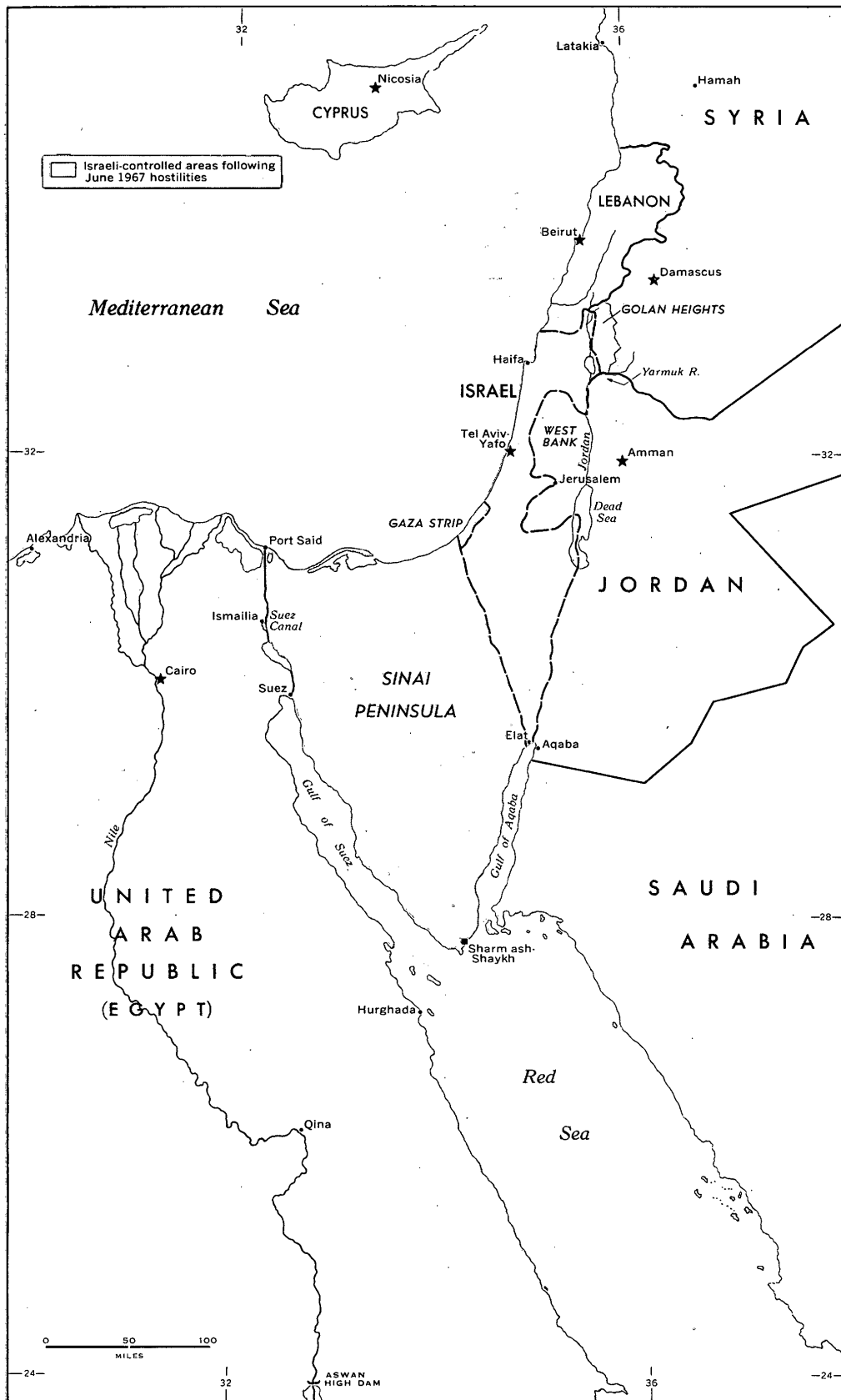


The President's Daily Brief

6 February 1969

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LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF

6 FEBRUARY 1969

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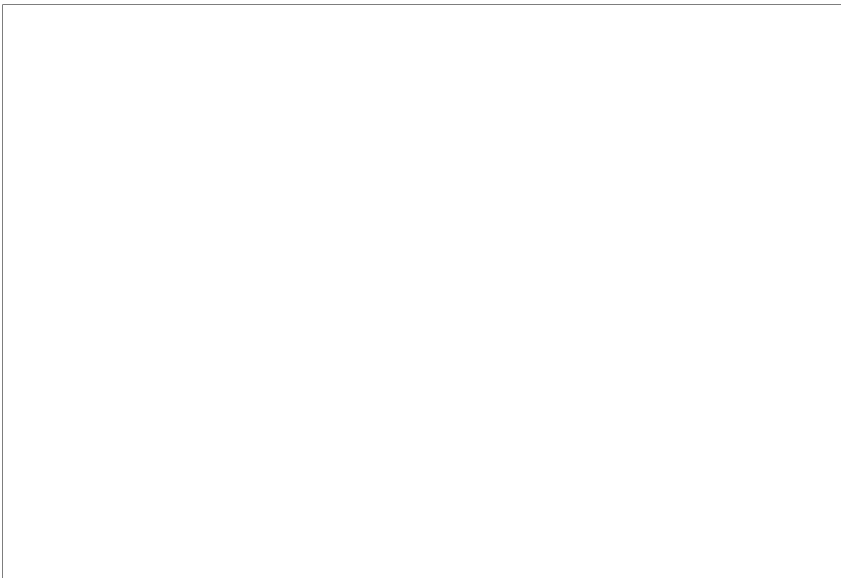
FOR THE PRESIDENT ONLY

7 February 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
6 FEBRUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST



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* * *

General Bull, the chief of the UN observer force, has gone to Cairo with an Israeli complaint about Egyptian sniper fire across the Suez Canal. The Israelis also asked him to inform the Egyptian Government that their boats will be patrolling the eastern half of the Gulf of Suez from now on. Cairo is sure to consider this an encroachment on its domain.

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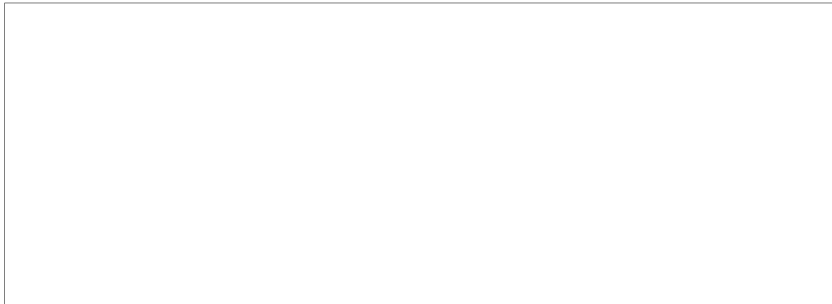
SOVIET AFFAIRS



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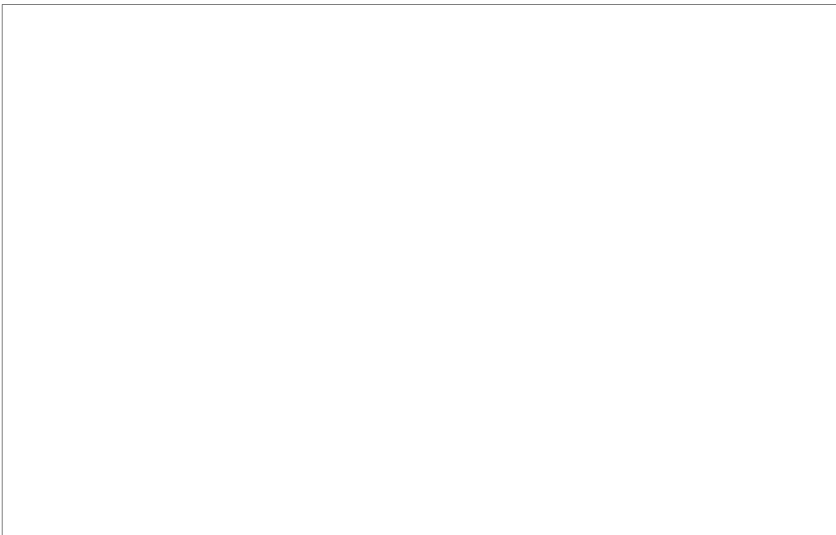


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TASS last night reported President Nixon's news conference, highlighting the announcement of the trip to Europe. It made no editorial comment. (FBIS 57, 6 Feb 69)

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EUROPE

VIETNAM

There is nothing significant to report.

II. OTHER IMPORTANT DEVELOPMENTS

PERU

Velasco yesterday told the Peruvians at large what his government had told the International Petroleum Company a few hours earlier--that Peru is claiming

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over \$690 million from the company for "unjust enrichment." This is more than five times what Peruvian officials were earlier claiming the company owes on this score. Velasco once again affirmed Peru's friendship toward the US, but he did take a swipe at the Hickenlooper amendment, asserting that it must be abolished "and never again mentioned." (FBIS 46-48,

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The Peruvian press has noted that the deadline for the payment of another bill--the \$15 million the Peruvians are claiming for the products processed by the company since 9 October--has passed, and that the petroleum agency in Lima has initiated proceedings to sell the company properties involved. The head of the agency has said, however, that it will take a week or more to arrange the sale and the company can pay the bill at any time until the sale is actually consummated.

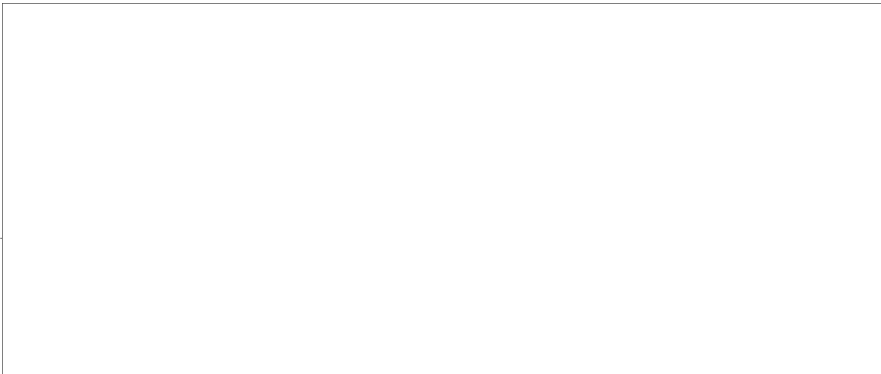
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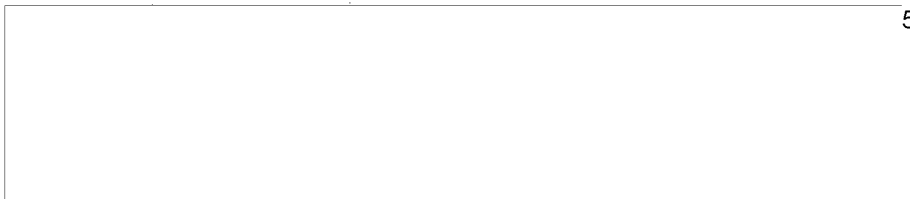
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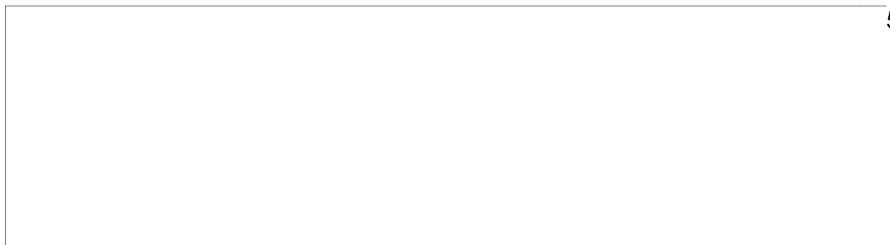


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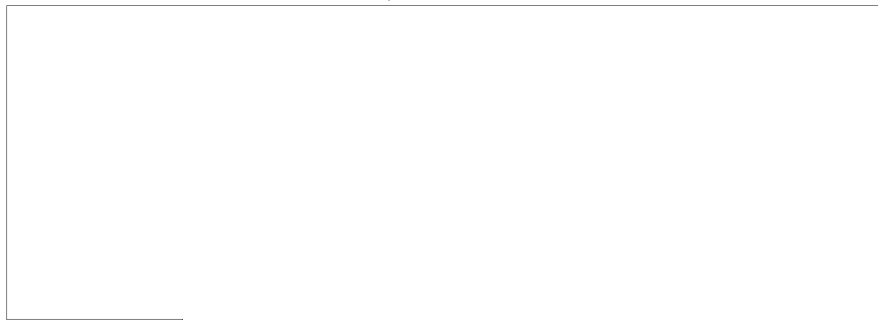
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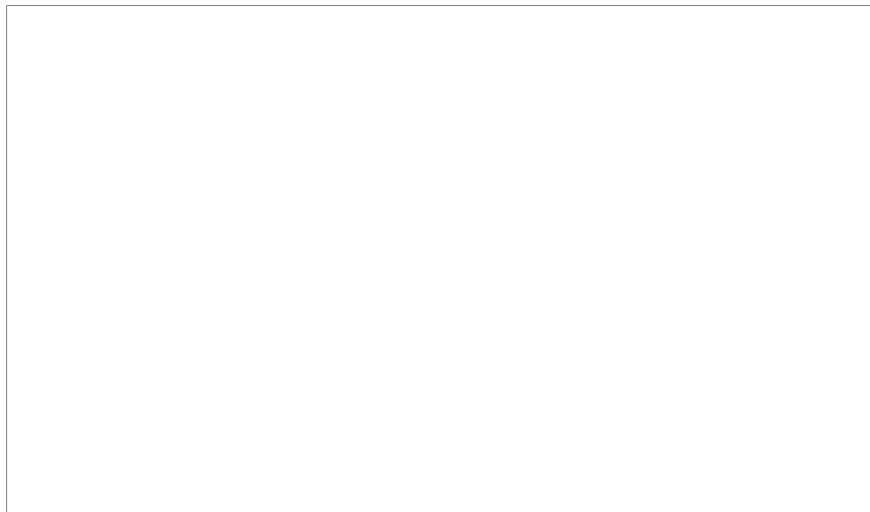
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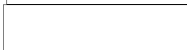
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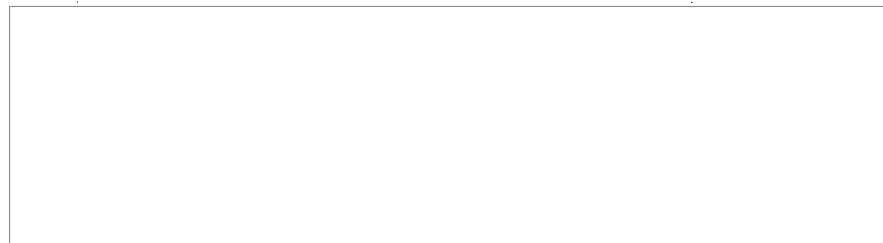
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* * *

The Egyptians were premature in their claim in the
Cairo press about two weeks ago that the Soviets had
agreed to include 500,000 tons of wheat in the annual

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trade agreement. The press leaks may in fact have been
a tactic to force the Soviets' hand. [REDACTED]

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[REDACTED] 50X1

[REDACTED] 50X1

Before the break in relations, the US under PL-480
supplied about one half of Egypt's annual import needs
of two million tons. [REDACTED]

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[REDACTED] 50X1

[REDACTED] Cairo would expect Moscow to pick up this bur-
den. The Soviets have been extremely reluctant to do
so. In 1967 they finally agreed to send 1.1 million tons
but only after much stalling. Last year no new contracts
were signed, although some of the 1967 wheat was not
actually shipped until then.

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EUROPE

There is nothing of significance to report.

SOVIET AFFAIRS

Kosygin apparently was back on the job today. He
and Brezhnev were among those at the railroad station
greeting Hungarian party boss Kadar today, according
to a TASS dispatch. The Soviet news agency, however,

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has recently issued conflicting reports concerning Kosygin's whereabouts, so we are trying to confirm this one.

* * *

[REDACTED]

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* * *

Czechoslovak party leader Dubcek has bounded back from a brief illness [REDACTED]

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[REDACTED] In a fighting speech yesterday, he took on both extreme hardliners and ultraliberals in and out of the party, and struck hard at Slovak party boss Husak, who is attempting to negotiate a takeover of the party central committee.

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Dubcek's forceful appearance may give heart to progressives and moderates who were beginning to waver in their loyalty, and may encourage them to go ahead with plans to force an early party congress while they still have control of the leadership.

For this reason, the Soviets are opposed to a party congress in the near future. They want to finish undermining Dubcek and his colleagues first.

VIETNAM

In their private meeting on 5 February, Ha Van Lau strongly rejected Ambassador Vance's protest about Communist shelling of Hue and firing from the DMZ. The line he took was familiar and is likely to be heard many times

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in future sessions with Communist negotiators in Paris. There is virtually no chance of any early change in Hanoi's fundamental position that matters south of the 17th Parallel must be discussed with the National Liberation Front.

Ha Van Lau's pointed reminder at the outset of the meeting that the talks are a "four-way conference" could be taken as an invitation to private discussions in which both Saigon and the Front take part. We suspect, however, that the Communists would consider the idea of four-way private meetings of dubious value until after Ambassador Lodge has had a few private sessions with Le Duc Tho. The North Vietnamese doubtless would beg off commenting on South Vietnamese matters at such sessions by claiming that only the Front is competent to discuss them. This would not stop them from probing seriously for indications of the new US administration's intentions, however.

It remains to be seen what effect, if any, the US protest will have on Communist military activity in South Vietnam. We doubt that it will deter them from any plans already in train for selective attacks on urban centers.

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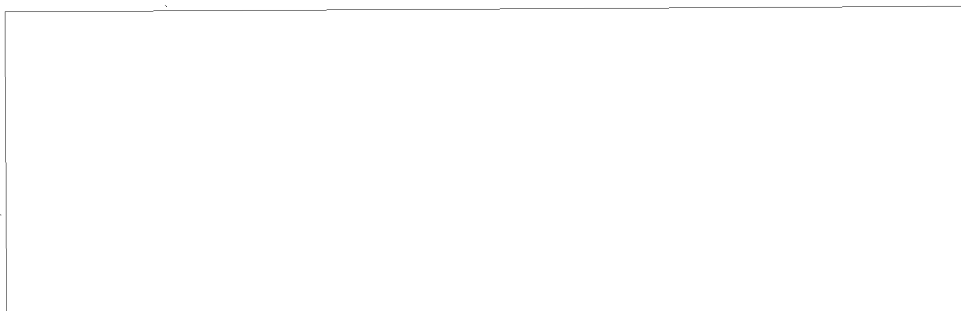
While much of the evidence we have received on Communist plans point to renewed attacks in the III Corps - Saigon area, there are signs of battle preparations in other parts of the country as well. These preparations apparently are proceeding at a slower pace, and evidence on timing is



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not as explicit. In I Corps, captured documents reflect enemy intentions to attack Da Nang this month, as well as plans for a "general attack" against a provincial capital south of that city. The central highlands have also seen an enemy buildup, probably to counter increased pacification efforts there.

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* * *

Military action remained light. Communist sappers struck another Civil Self-Defense office in downtown Saigon today, wounding several guards and damaging the building. At least seven other attacks have been staged in recent days against Civil Self-Defense offices in Saigon. The Civilian Self-Defense forces are groups of citizens who have been partially armed and trained to bolster local security. The Communists hope through these attacks to disrupt government defense of Saigon and to intimidate the civilians involved.

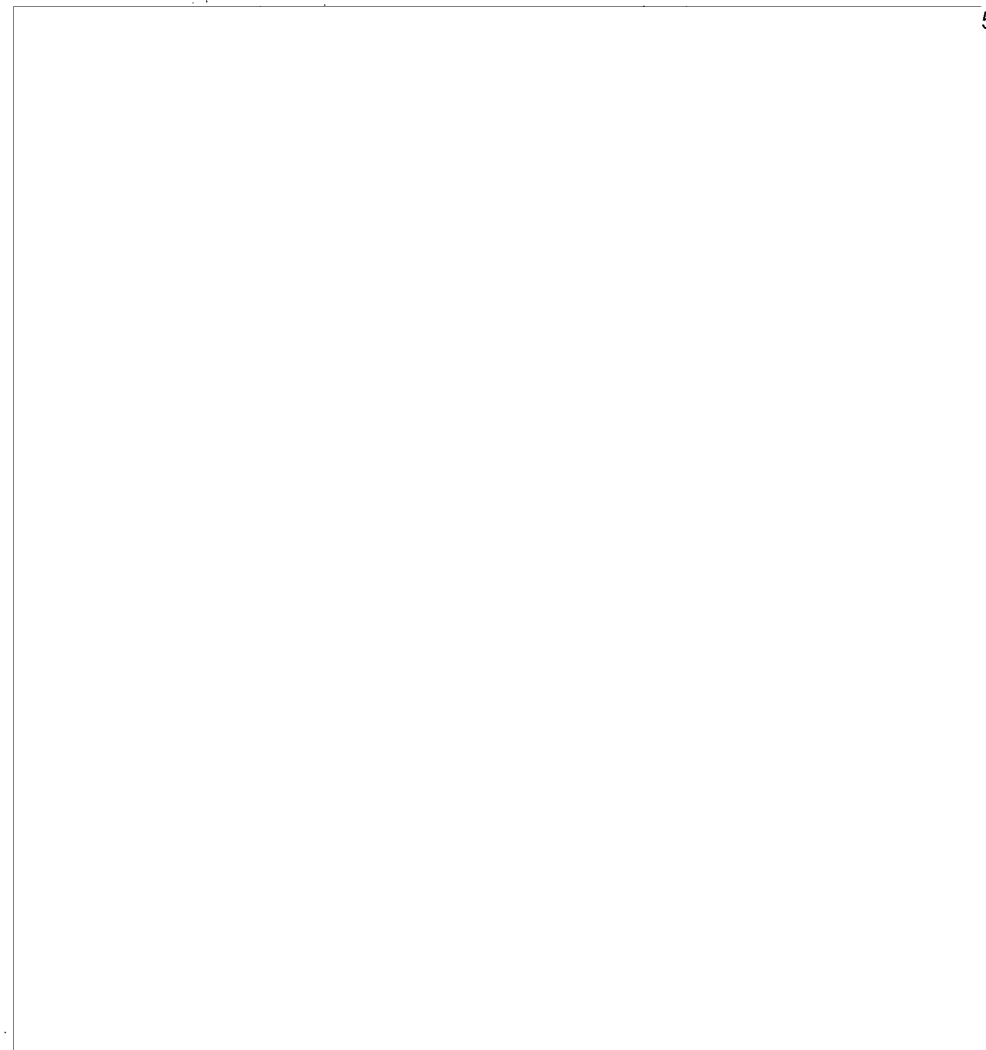
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Thieu's government is worried that the US may use the An Quang Buddhist peace campaign to pressure the government into moving more rapidly in Paris. Minister of State Thuc sought out a US Embassy officer in Saigon on 5 February and

said that President Thieu has been "very worried" that the US may be exhibiting "tolerance" of the Buddhists' activities.

Thuc said that Thieu and other high officials think the US has already determined its peace policy and that if Saigon does not go along, the US will seek major changes in the government leadership. Thuc's comments probably represent widespread fears among many Vietnamese in and out of government that the US will eventually support a "peace government" in South Vietnam in order to end the war. The Thuc approach represents an effort to gain reassurance that the US supports the Thieu government.

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II. OTHER IMPORTANT DEVELOPMENTS

PHILIPPINES-MALAYSIA

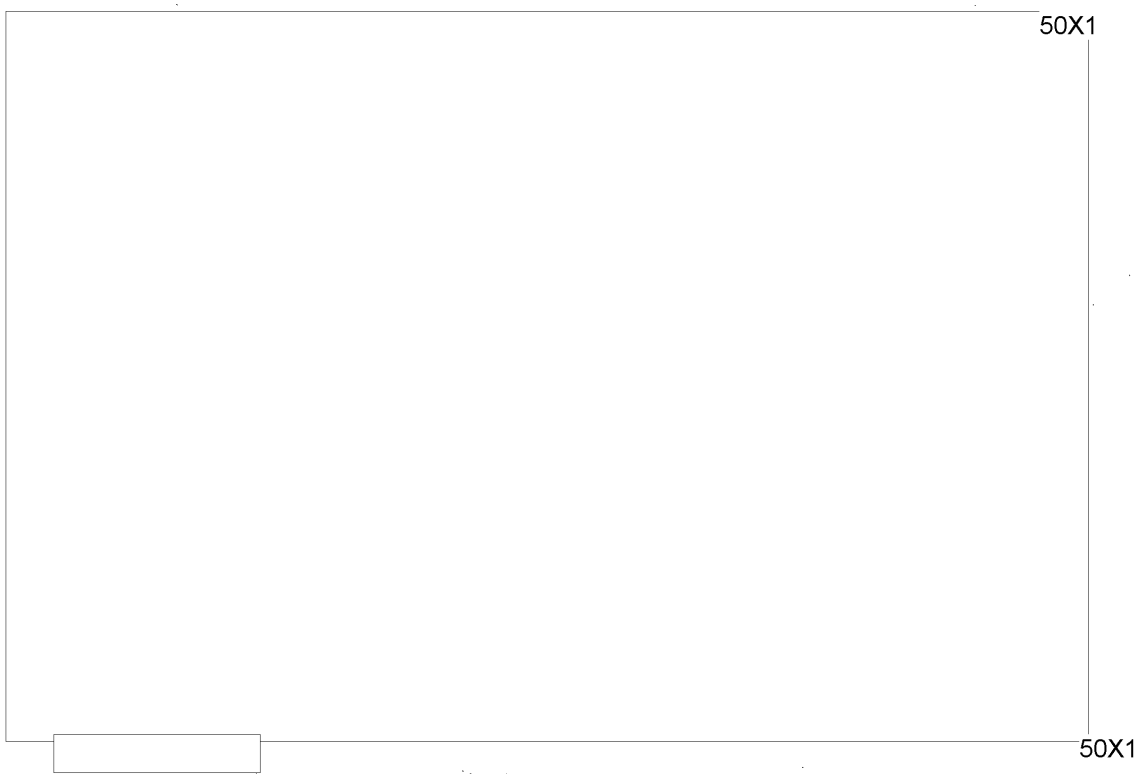
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THE SOVIET MEDITERRANEAN SQUADRON

SIGNIFICANCE: The Soviet Mediterranean squadron, a few surface ships and submarines in 1964, has grown to become the largest naval force which the Soviets have regularly deployed outside their own fleet operating areas. The squadron swelled to more than forty ships during the Arab-Israeli war in 1967 and has since leveled off at about thirty ships. The effectiveness of the squadron as an instrument of policy has grown as its combat capabilities have increased. The image of the USSR as defender of Arab interests is being conveyed more convincingly now than when the squadron was first established, and the increased capabilities of the squadron are intended to serve as a reminder to the US and others that Soviet interests must be reckoned with in any military moves in the Middle East.

* * *

Currently the Mediterranean squadron consists of 9 surface combat ships, five submarines, and 11 auxiliaries. The surface force normally includes a cruiser, two missile equipped destroyers, several conventional destroyers and minesweepers, and two amphibious landing ships. The surface ships spend most of their time at anchorages or in port.

The squadron serves Soviet political as well as military interests in the Mediterranean basin. It has extended Soviet influence in the area, strengthened the image of the USSR as defender of Arab interests, and helped convey the impression that the Mediterranean is not an "American lake."

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The effectiveness of the squadron as an instrument of policy has risen as its combat capabilities have improved. In this connection, the increased capabilities of the squadron against aircraft carriers are particularly relevant. The carriers of the US Sixth Fleet have in the past provided the defensive shield for US military moves in the Middle East, and the Soviets probably have come to regard US attack carriers more as an instrument of local or limited warfare than as a strategic threat. They may believe that the presence of an anticarrier force in the Mediterranean would cause the US to pause before intervening militarily in future crises in the area, and might, in turn, enable the Soviets to intervene in some fashion themselves should the need arise.

Prior to the June War the threat to US carriers was not impressive. There were few cruise missile launchers in the force, and the squadron as a whole was too small to pose a convincing threat to the US Sixth Fleet. Although intelligence collection ships were available, air reconnaissance was not. Many of the ships in the squadron were older vessels suitable for operating under cover of land-based fighter aircraft but ill equipped for long-range, long-duration operations.

Since the June War, however, the capability of the squadron against carriers has increased substantially. Most of the time at least two cruise missile ships and a nuclear-powered cruise missile submarine--mounting among them at least 12 cruise missile launchers--operate with the squadron. Reconnaissance aircraft are available, and the squadron's

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air defenses have been improved by the deployment of more SAM-equipped ships. The new types of ships now being assigned to the squadron are better equipped for long-range operations, and the size and posture of the force have been increased to the point that it has become a credible threat to the Sixth Fleet.

In addition, frequent and extended calls in Arab ports--most notably in Egypt--serve as a reminder of Soviet willingness to back Arab interests. The assignment of a few amphibious ships to the squadron adds to the impression that the Soviets might be willing to intervene in behalf of Arab interests. Actually, however, an amphibious force of some 400 troops has only symbolic military value.

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The Soviets normally operate six to ten diesel submarines and at least one nuclear unit in the Mediterranean. The diesel submarines are now staying for about six months before returning to Soviet waters and spend some of this

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time in port. The nuclear units usually require no special support and are generally not observed during their stay in the Mediterranean. One of these units spent several days in Alexandria last month--the first visit to a nonbloc port by a Soviet nuclear submarine. The submarines appear to be in the Mediterranean to act as a counter to the more powerful Sixth Fleet [redacted] and to gain realistic training in an area of potential conflict.

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The squadron probably will not be enlarged much beyond its present size. Its capabilities will continue to be improved, however, by the regular deployment of newer and more effective ships and submarines. The logistics burden of the squadron may be reduced by the expanded use of Mediterranean ports and by increasing the proportion of nuclear-powered units in the squadron's submarine force.

The USSR has been granted the use of a naval oil storage facility in Port Said, has assigned a repair ship to Alexandria on a continuing basis, and may have assumed managerial control of a ship construction and repair facility at Alexandria. We do not believe that the Soviets intend to establish military bases--in the sense of areas over which they exercise sovereignty--in the Middle East, however. They probably do not wish to risk involving themselves in this way in future crises of peripheral consequence to Soviet interests and beyond the ability of Moscow to control. Moreover, they would not wish to tarnish their image by seeking for themselves the military bases which they have encouraged the Arabs to deny to the "imperialists."

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